

**ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

February 15, 2022

3:06 p.m.

DRAFT

MEMBERS PRESENT

Representative Jonathan Kreiss-Tomkins, Chair
Representative Matt Claman, Vice Chair
Representative Geran Tarr
Representative Andi Story
Representative Sarah Vance
Representative James Kaufman
Representative David Eastman

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 158

"An Act relating to contributions from permanent fund dividends to the general fund."

- MOVED HB 158 OUT OF COMMITTEE

HOUSE BILL NO. 245

"An Act relating to political contribution limits; and providing for an effective date."

- MOVED CSHB 245(STA) OUT OF COMMITTEE

HOUSE BILL NO. 234

"An Act relating to political contributions; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 158

SHORT TITLE: PFD CONTRIBUTIONS TO GENERAL FUND

SPONSOR(S): REPRESENTATIVE(S) PRAX

03/31/21	(H)	READ THE FIRST TIME - REFERRALS
03/31/21	(H)	STA, FIN
05/18/21	(H)	STA AT 3:00 PM GRUENBERG 120
05/18/21	(H)	Heard & Held
05/18/21	(H)	MINUTE(STA)
02/03/22	(H)	STA AT 3:00 PM GRUENBERG 120
02/03/22	(H)	Heard & Held
02/03/22	(H)	MINUTE(STA)
02/15/22	(H)	STA AT 3:00 PM GRUENBERG 120

BILL: HB 245

SHORT TITLE: POLITICAL CAMPAIGN CONTRIBUTION LIMITS

SPONSOR(s): REPRESENTATIVE(s) JOSEPHSON

01/18/22	(H)	PREFILE RELEASED 1/7/22
01/18/22	(H)	READ THE FIRST TIME - REFERRALS
01/18/22	(H)	STA
02/01/22	(H)	STA AT 3:00 PM GRUENBERG 120
02/01/22	(H)	Heard & Held
02/01/22	(H)	MINUTE(STA)
02/10/22	(H)	STA AT 3:00 PM GRUENBERG 120
02/10/22	(H)	Heard & Held
02/10/22	(H)	MINUTE(STA)
02/15/22	(H)	STA AT 3:00 PM GRUENBERG 120

BILL: HB 234

SHORT TITLE: POLITICAL CONTRIBUTION LIMITS

SPONSOR(s): REPRESENTATIVE(s) SCHRAGE

01/18/22	(H)	PREFILE RELEASED 1/7/22
01/18/22	(H)	READ THE FIRST TIME - REFERRALS
01/18/22	(H)	STA
02/01/22	(H)	STA AT 3:00 PM GRUENBERG 120
02/01/22	(H)	Heard & Held
02/01/22	(H)	MINUTE(STA)
02/10/22	(H)	STA AT 3:00 PM GRUENBERG 120
02/10/22	(H)	Heard & Held
02/10/22	(H)	MINUTE(STA)
02/15/22	(H)	STA AT 3:00 PM GRUENBERG 120

WITNESS REGISTER

ED MARTIN

Kenai, Alaska

POSITION STATEMENT: Testified during the hearing on HB 158.

COREY BIGELOW, PFD Operations Manager
Permanent Fund Dividend Division
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 158.

REPRESENTATIVE MIKE PRAX
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 158, as the prime sponsor.

REPRESENTATIVE JOSEPHSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 245, as the prime sponsor.

MAX KOHN, Staff
Representative Andy Josephson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 245, on behalf of Representative Josephson, prime sponsor.

HEATHER HEBDON, Executive Director
Alaska Public Offices Commission
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 245.

ALPHEUS BULLARD, Legal Counsel
Legislative Legal Services
Juneau, Alaska

POSITION STATEMENT: Answered questions during hearing on HB 245.

RANDY RUEDRICH
Anchorage, Alaska

POSITION STATEMENT: Testified on HB 234 and HB 245.

BEVERLY CHURCHILL
Alaska Move to Amend
Anchorage, Alaska

POSITION STATEMENT: Testified on HB 234 and HB 245.

SHARMAN HALEY

Alaska Move to Amend
Anchorage, Alaska

POSITION STATEMENT: Testified on HB 234 and HB 245.

ROBERT WELTON

Juneau, Alaska

POSITION STATEMENT: Testified on HB 234 and HB 245.

REPRESENTATIVE CALVIN SCHRAGE

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 234, as the prime sponsor.

ACTION NARRATIVE

[2:50:33 PM](#)

CHAIR JONATHAN KREISS-TOMKINS called the House State Affairs Standing Committee meeting to order at 3:06 p.m. Representatives Claman, Story, Eastman, Vance, Tarr, Kaufman, and Kreiss-Tomkins were present at the call to order. Representatives * arrived as the meeting was in progress.

^#hb158

HB 158-PFD CONTRIBUTIONS TO GENERAL FUND

[3:09:34 PM](#)

CHAIR KREISS-TOMKINS announced that the first order of business would be HOUSE BILL NO. 158, "An Act relating to contributions from permanent fund dividends to the general fund."

[3:09:48 PM](#)

CHAIR KREISS-TOMKINS opened public testimony on HB 158.

[3:10:15 PM](#)

ED MARTIN stated that the Permanent Fund Dividend (PFD) had been a success for Alaska over the years. He referenced the ability to donate a portion of the dividend to charities via Pick.Click.Give, adding that he had "no qualms" with that option. He expressed concern that [HB 158] was "just one more avenue down the digital currency movement across the world."

Further, he found it troublesome that, as stated in the sponsor statement, donations through Pick.Click.Give. would take priority over donations to the general fund. He noted that he was not directly opposed to the bill, as he supported anyone who wanted to give money back to the state. In summary, he said he questioned the legislation because, according to the fiscal note, the bill would "take money from the people that's really there's."

[3:13:43 PM](#)

CHAIR KREISS-TOMKINS [closed public testimony] and proceeded to the consideration of amendments.

[3:14:04 PM](#)

REPRESENTATIVE EASTMAN moved to adopt Amendment 1, labeled 32-LS0746\A.1, Nauman, 2/14/22, which read as follows:

Page 1, line 13, through page 2, line 1:

Delete "The electronic application must include notice that seven percent of the money contributed to the state general fund will be used for administrative costs incurred in implementing this subsection and that money from the dividend fund will not be used for that purpose."

Page 2, following line 8:

Insert a new subsection to read:

"(d) Money contributed to the state general fund under this section may not be used for administrative costs incurred in implementing this section."

REPRESENTATIVE CLAMAN objected.

REPRESENTATIVE EASTMAN explained that Amendment 1 would remove the seven percent fee that was imposed to cover the administrative costs incurred in implementing the legislation. He reasoned that if someone chose to donate a portion of his/her dividend to the general fund, that money would essentially be staying in the state's coffers; therefore, there should not be an administrative cost associated with that "transaction."

[3:15:26 PM](#)

REPRESENTATIVE TARR inquired about the seven percent fee and asked whether Representative Eastman's assumption that there would not be an administrative cost was correct.

3:16:21 PM

COREY BIGELOW, PFD Operations Manager, Permanent Fund Dividend Division, Department of Revenue (DOR), clarified that there would be an administrative cost for an Alaskan who elected to contribute his/her dividend to the general fund, as that request would need to be processed on some level. He added that at this time, he was not able to convey a monetary value associated with those tasks.

REPRESENTATIVE TARR suggested that if Amendment 1 were adopted, any additional workload brought on by the bill would need to be absorbed by existing staff. She said she was weary of the proposed amendment without having a better understanding of the division's internal capacity.

MR. BIGELOW shared his belief that the workload could be handled by current staff; however, if a large number of people elected to contribute their dividends, the administrative costs could be higher. He added that without knowing how many individuals intended to contribute, it was difficult to provide a definitive number.

REPRESENTATIVE TARR inquired about the division's position on Amendment 1.

MR. BIGELOW indicated that the division was neutral in its stance on HB 158.

REPRESENTATIVE EASTMAN asked how many people at present had elected to give money back to the state.

3:20:49 PM

REPRESENTATIVE MIKE PRAX, Alaska State Legislature, prime sponsor, reported that last year [2021], 105 people returned their PFD to the state.

3:21:10 PM

REPRESENTATIVE CLAMAN shared his understanding that if he were to give \$100 to the Foodbank via Pick.Click.Give, there would be a \$7 processing fee associated with that transaction. He sought

to confirm that under that scenario, the Foodbank would receive \$93, and the division would receive \$7 to cover the administrative costs.

MR. BIGELOW explained that the donation of \$100 would go to the Alaska Community Foundation, which is the organization that administers the [Pick.Click.Give] program. He confirmed that of the \$100, [the Alaska Community Foundation] would receive 7 percent of it, or \$7.

REPRESENTATIVE CLAMAN sought to confirm that if an individual gave \$100 back to the general fund, to the extent that there were administrative costs, Amendment 1 would require that the cost incurred be funded from another source.

MR. BIGELOW said that was his understanding as well.

[3:23:27 PM](#)

REPRESENTATIVE VANCE shared her understanding that as it stands, the Alaska Community Foundation received the 7 percent fee, as opposed to the Permanent Fund Dividend Division. She opined that Amendment 1 would encourage more people to give back to the state "without having to pay for it."

CHAIR KREISS-TOMKINS invited closing comments on Amendment 1.

[3:25:16 PM](#)

REPRESENTATIVE CLAMAN reiterated his opposition to the proposed amendment, as it would prohibit the administrative cost from being recovered from the money contributed. He maintained that his fundamental concern with HB 158 was that to exercise this privilege, the individuals who donated would still have to pay 20 percent in taxes to the federal government. He opined that if the legislature was serious about getting more money in the general fund, the proposed legislation was a "terrible" way to do it.

REPRESENTATIVE EASTMAN stated that Amendment 1 was offered because the Alaska Community Foundation "[wasn't] give the money to anyone." He opined that to tax the transactions at 7 percent seemed unnecessary.

REPRESENTATIVE CLAMAN maintained his objection.

[3:27:27 PM](#)

A roll call vote was taken. Representatives Vance, Kaufman, and Eastman voted in favor of the adoption of Amendment 1. Representatives Tarr, Story, Claman, and Kreiss-Tomkins voted against it. Therefore, Amendment 1 failed by a vote of 3-4.

[3:28:25 PM](#)

REPRESENTATIVE CLAMAN moved to report HB 158 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 158 was moved out of the House State Affairs Standing Committee.

^#hb245
#hb234

HB 245-POLITICAL CAMPAIGN CONTRIBUTION LIMITS

[contains discussion of HB 234.]

[3:28:45 PM](#)

CHAIR KREISS-TOMKINS announced that the next order of business would be HOUSE BILL NO. 245, "An Act relating to political contribution limits; and providing for an effective date."

[3:29:34 PM](#)

REPRESENTATIVE EASTMAN moved to adopt Amendment 1, labeled 32-LS1299\A.2, Bullard, 2/14/22, which read:

Page 2, line 27, through page 3, line 12:

Delete all material and insert:

"* **Sec. 6.** AS 15.13.072(a)(2), 15.13.072(a)(3), 15.13.072(e), 15.13.072(f), and 15.13.072(h) are repealed."

REPRESENTATIVE CLAMAN objected.

[3:29:45 PM](#)

REPRESENTATIVE EASTMAN stated that Amendment 1 would remove the aggregate limit on campaign contributions.

REPRESENTATIVE CLAMAN sought to clarify whether the limits being removed in Amendment 1 were the aggregate out-of-state limits.

REPRESENTATIVE EASTMAN nodded in the affirmative.

[3:31:53 PM](#)

REPRESENTATIVE TARR said she would be opposing the proposed amendment; nonetheless, she opined that limiting out-of-state contributions to no more than 50 percent of a candidate's total donations seemed high. Because of Alaska's unique circumstances, such as its small population and low-cost media market, she argued that the state could become quickly overwhelmed by outside dollars and influence.

REPRESENTATIVE CLAMAN expressed his support for the proposed Amendment, as the court had articulated that out-of-state contribution limits were unconstitutional. He removed this objection.

REPRESENTATIVE TARR objected.

[3:34:14 PM](#)

CHAIR KREISS-TOMKINS sought to confirm that the bill sponsor was opposed to Amendment 1.

[3:34:28 PM](#)

REPRESENTATIVE JOSEPHSON, Alaska State Legislature, answered yes. He noted that the court had not taken up out-of-state limits for groups, which this set of repealers would do.

[3:34:43 PM](#)

REPRESENTATIVE VANCE said although she did not prefer a lot of outside money in Alaska's elections, she believed that the public should determine the contribution limits. She stated her support for Amendment 1.

REPRESENTATIVE EASTMAN indicated that personally, he would like to see outside influence done away with, as it diluted his ability to have a larger voice in his community. Nonetheless, he argued that it wasn't possible to limit out-of-state contributions in a way that wouldn't unduly infringe on First Amendment rights.

REPRESENTATIVE TARR maintained her objection.

[3:38:07 PM](#)

A roll call vote was taken. Representatives Claman, Vance, Kaufman, and Eastman voted in favor of the adoption of Amendment 1. Representatives Tarr, Story, and Kreiss-Tomkins voted against it. Therefore, Amendment 1 was adopted by a vote of 4-4.

[3:38:40 PM](#)

REPRESENTATIVE EASTMAN moved to adopt Amendment 2, labeled 32-LS1299\A.3, Bullard, 2/14/22, which read:

Page 2, lines 22 - 23:

Delete "Beginning in the first quarter of calendar year 2023 and every five years thereafter"

Insert "In the first quarter of each year"

Page 2, line 25:

Delete "five-year period"

Insert "year"

Page 2, line 26, following "increment.":

Insert "The adjustment takes effect May 1 of each year."

REPRESENTATIVE TARR objected.

[3:38:47 PM](#)

REPRESENTATIVE EASTMAN explained that Amendment 2 addressed the cycle of inflation adjustment for campaign limits. Rather than adjusting every five years, the proposed amendment provided that the adjustment would take effect May 1 of each year.

[3:40:08 PM](#)

The committee took a brief at-ease.

[3:42:34 PM](#)

CHAIR KREISS-TOMKINS resumed the discussion on Amendment 2 to HB 245.

[3:42:51 PM](#)

REPRESENTATIVE CLAMAN moved to adopt Conceptual Amendment 1 to Amendment 2, such that one year would be changed to two years. He stated that the intent would be to implement a two-year

indexing cycle to avoid disrupting the fundraising process for campaigns by changing amounts mid-election cycle.

REPRESENTATIVE EASTMAN expressed his support for Conceptual Amendment 1.

[3:44:20 PM](#)

CHAIR KREISS-TOMKINS objected to the adoption of Conceptual Amendment 1 to Amendment 2 for the purpose of discussion.

REPRESENTATIVE STORY sought to clarify that Conceptual Amendment 1 would delete "five years" and insert "two years" on page 1, line 2 of Amendment 2.

REPRESENTATIVE CLAMAN confirmed.

REPRESENTATIVE STORY asked for the bill sponsor's perspective on the conceptual amendment.

[3:44:46 PM](#)

MAX KOHN, Staff, Representative Andy Josephson, Alaska State Legislature, on behalf of Representative Josephson, prime sponsor, conveyed the bill sponsor's beliefs that one-year indexing was excessive. He surmised that Representative Josephson would feel the same way about two years.

REPRESENTATIVE CLAMAN noted that Conceptual Amendment 1 would also amend line 11 of Amendment 2, such that line 11 would read "the adjustment takes effect May 1 of the applicable year."

REPRESENTATIVE EASTMAN supported that as well.

CHAIR KREISS-TOMKINS authorized Legislative Legal Services with the ability to make conforming changes for the purposes of any conceptual amendments adopted by the committee.

[3:46:14 PM](#)

REPRESENTATIVE VANCE asked whether a representative from the Alaska Public Offices Commission (APOC) was available to speak to the potential impacts of Conceptual Amendment 1.

[3:46:57 PM](#)

HEATHER HEBDON, Executive Director, APOC, said the more indexing that occurred, the more burdensome it would be. She opined that a two-year cycle would be more in line with the 18-month cycle, which is when a candidate could officially file a letter of intent and begin collecting contributions. Given that a candidate was allowed to collect contributions for 45 days after an election, she understood that a two-year cycle would still have the effect of instituting two contributions limits within one campaign cycle. She added that it would still be possible, but it would be harder to "police."

[3:48:13 PM](#)

REPRESENTATIVE TARR made a note on CPI adjustments, indicating that her preference was to maintain the current bill language, thus instituting a 5-year indexing cycle if the bill were to pass.

[3:50:14 PM](#)

CHAIR KREISS-TOMKINS removed his objection to the adoption of Conceptual Amendment 1 to Amendment 2.

[3:50:22 PM](#)

REPRESENTATIVE STORY objected.

[3:50:28 PM](#)

A roll call vote was taken. Representatives Kaufman, Eastman, Claman, Vance, and Kreiss-Tomkins voted in favor of the adoption of Conceptual Amendment 1 to Amendment 2. Representatives Tarr and Story voted against it. Therefore, Conceptual Amendment 1 was adopted by a vote of 5-2.

CHAIR KREISS-TOMKINS invited wrap up on Amendment 2, as amended.

[3:51:26 PM](#)

REPRESENTATIVE EASTMAN reiterated that due to the adoption of the conceptual amendment, Amendment 2 would institute a 2-year indexing cycle.

REPRESENTATIVE TARR maintained her objection.

[3:52:10 PM](#)

A roll call vote was taken. Representatives Vance, Kaufman, Eastman, Claman, and Kreiss-Tomkins voted in favor of the adoption of Amendment 2, as amended, to HB 245. Representatives Tarr and Story voted against it. Therefore, Amendment 2, as amended, was adopted by a vote of 5-2.

[3:52:48 PM](#)

REPRESENTATIVE EASTMAN moved to adopt Amendment 3, labeled 32-LS1299\A.4, Bullard, 2/14/22, which read:

Page 2, line 22:
Delete "2023"
Insert "2024"

Page 3, line 13:
Delete "immediately under AS 01.10.070(c)"
Insert "January 1, 2023"

REPRESENTATIVE TARR objected.

[3:52:57 PM](#)

REPRESENTATIVE EASTMAN explained that amendment 3 would change 2023 to 2024; further, it would change the immediate effective date to January 1, 2023. He conveyed that rather than the bill going into effect during a campaign year, the proposed amendment would ameliorate that by delaying the effective date to after the conclusion of the election year.

REPRESENTATIVE TARR asked APOC to speak on the characterization that changing the effective date would remove the ambiguity from the current election cycle.

[3:54:20 PM](#)

MS. HEBDON asked Representative Tarr to rephrase the question.

REPRESENTATIVE TARR remarked:

APOC made adjustments, and so we currently have this \$1,500 limit that came into place, but that was already an adjustment made during an election cycle ... so, I'm just trying to understand - what Representative Eastman has suggested with this amendment is that if the effective date is pushed out

by one year, then there wouldn't be uncertainty in this election cycle.

REPRESENTATIVE TARR asked whether Representative Eastman's understanding was correct. Additionally, she inquired about the impact of the effective date.

[3:55:30 PM](#)

MS. HEBDON clarified that changing the effective date would not alleviate any existing ambiguity. She noted that the staff had made a recommendation to APOC, which had yet to be considered; therefore, the recommendation was no more than informal guidance at this time. She emphasized that ultimately, contribution limits should be regulated by the legislature.

[3:56:12 PM](#)

REPRESENTATIVE CLAMAN moved to adopt Conceptual Amendment 1 to Amendment 3, which would delete lines 1-3 to maintain consistency with the adoption of Amendment 2.

[3:57:01 PM](#)

REPRESENTATIVE EASTMAN said he would not object to the proposed conceptual amendment. There being no further objection, Conceptual Amendment 1 to Amendment 3 was adopted.

REPRESENTATIVE CLAMAN shared his understanding that if Amendment 3, as amended, were to pass, there would not be any limits in law for the duration of the 2022 election cycle unless the bill was effective immediately. For those reasons, he expressed his opposition to the proposed amendment.

REPRESENTATIVE VANCE asked if Amendment 3, as amended, were to pass with a 2023 effective date, what authority would APOC have to enforce the \$1,500 limit on candidates during this campaign cycle.

[3:59:39 PM](#)

ALPHEUS BULLARD, Legal Counsel, Legislative Legal Services, stated that much would depend on whether the commission adopts the informal opinion clarifying how the limits should be applied at this time. He pointed out that if APOC were to decline its draft opinion, the commission could determine that it was up to the legislature to make that choice.

4:00:38 PM

REPRESENTATIVE VANCE asked whether APOC could enforce the preliminary limit of \$1,500 that had been proposed.

MR. BULLARD stated that APOC had the statutory authority to implement and clarify the provisions in AS 15.13. He added that if APOC decided that a limit of \$1,500 was appropriate, the legislature could pass legislation if it was unhappy with the commission's decision and APOC's interpretation would likely survive until that time.

4:01:49 PM

REPRESENTATIVE EASTMAN asked whether APOC had the authority to "clarify" whether a statutory limit should be increased or decreased.

MR. BULLARD said a court would be the arbiter of that decision. He explained that if an individual was unsatisfied with the way the commission implemented or clarified a provision, he/she could challenge the commission's actions.

REPRESENTATIVE EASTMAN characterized that as a "non-answer." He asked what constraints had been placed on the commission's ability to clarify statutory provisions regarding contribution limits.

MR. BULLARD believed that the legislature had not put any statutory limits on the commission in terms of its ability to clarify statutes. He explained that if the commission took action outside of implementing or clarifying the statutes, that would be beyond its authority.

4:04:11 PM

REPRESENTATIVE KAUFMAN wanted to ensure that [the proposed amendment] wouldn't create a "compliance trap." He asked, "If someone had received an amount in excess of the new amount, and then we go into effect, what kind of - how do we reconcile that?"

4:05:38 PM

MS. HEBDON indicated that with the draft advisory opinion recommending a contribution limit of \$1,500, per APOC statutes,

a complaint couldn't be filed against someone who follows that guidance. She noted that should the commission reject the recommended advisory opinion, that could change, at which point she was unable to say for certain what would happen if legislation passed that contradicted the guidance under which candidates were operating. She opined that it wouldn't be something the agency would pursue given the current state of affairs.

MR. BULLARD aligned himself with the comments from APOC.

REPRESENTATIVE KAUFMAN was not reassured. He suggested making sure that the amounts and dates were such that candidates were not at jeopardy of misinterpreting them. He asked whether Mr. Bullard agreed.

MR. BULLARD opined that the faster the legislature clarified the limit, the sooner these issues would be dispensed with.

[4:08:17 PM](#)

MS. HEBDON concurred with Mr. Bullard that the faster this issue was resolved, the better off everyone would be.

[4:08:37 PM](#)

REPRESENTATIVE TARR maintained her objection.

[4:08:47 PM](#)

REPRESENTATIVE EASTMAN opined that the commission's staff was trying to help too much [by providing an advisory opinion]; further, that they should have given a recommendation to the legislature instead. He withdrew Amendment 3, as amended.

[4:10:45 PM](#)

CHAIR KREISS-TOMKINS invited final questions or comments on HB 245, as amended.

[4:10:55 PM](#)

The committee took a brief at-ease.

[4:12:45 PM](#)

CHAIR KREISS-TOMKINS invited questions for the bill sponsor.

4:13:04 PM

REPRESENTATIVE TARR wondered whether, with the adoption of amendments, the bill had been changed significantly enough to concern the sponsor.

MR. KOHN shared Representative Josephson's belief that the graduated limits reflected the will of Alaskan voters, as well a narrowly tailored tool to fighting corruption. He emphasized the sponsor's belief that the graduated limits were worth instituting.

4:14:47 PM

CHAIR KREISS-TOMKINS opened public testimony on both HB 234 and HB 245.

4:15:58 PM

RANDY RUEDRICH, said he would only be addressing HB 245, as he found it to be substantially more complete than HB 234. He encouraged the legislature not to confuse the process by keeping both bills. He characterized the progress on annual adjustments as "heartening" and opined that the biannual adjustment was correct. He suggested following the FDC as a guide, as they have been adjusting U.S. House and Senate races since 1974. He believed the FDC would offer an adequate model for Alaska while saving the commission the difficulty of doing something novel. He said he was disturbed by the idea of candidates raising 50 percent of their money from out-of-state sources. He argued that out-of-state funding should make up 25 percent at most, which would be an incredible increase from 2 percent. He continued to convey his approval of the graduated limits proposed in HB 245. Further, he defined the bill as an "incumbent protection piece of legislation," which concerned him. He suggested implementing campaign contribution limits per election, which would include the Anchorage election runoff. He urged the committee to modify the bill to avoid giving a huge advantage to incumbents.

4:20:18 PM

BEVERLY CHURCHILL, Alaska Move to Amend, applauded the bill sponsors for their work on HB 245 and HB 234. She believed that \$750 was "a great place to start" and expressed her concern about graduated limits, as it may confuse voters. She believed

indexing for inflation was vital and suggested implementing a four-year or two-year cycle to match the election cycle. She emphasized the importance of this decision and encouraged an immediate, or "as soon as possible," effective date.

[4:23:02 PM](#)

SHARMAN HALEY, Alaska Move to Amend, regarding out-of-state contributions, opined that the legislature should craft the desired policy and let the courts rule on its constitutionality.

CHAIR KREISS-TOMKINS asked Mr. Rudich to restate his prior comments regarding incumbent protection.

[4:25:47 PM](#)

MR. RUDICH restated his concern about incumbents being heavily favored and encouraged a fair opportunity for challengers to enter the process.

CHAIR KREISS-TOMKINS sought to confirm that Mr. Rudich was advocating for a per-campaign period approach, as opposed to a per-calendar year period.

MR. RUDICH answered yes. He remarked, "It's not that the money has to be raised before the primary or the general, it just [that] ... primary money can only be spent for the primary." He advocated for making the whole process less dependent on independent expenditures and more inclusive of citizens in terms of funding campaigns.

[4:28:54 PM](#)

REPRESENTATIVE EASTMAN asked Mr. Rudich to clarify the meaning of "not using primary money to get into the top four."

MR. RUDICH explained that if a candidate raised \$25,000 for the primary and spent \$30,000 for the primary, then they would have a technical violation.

[4:30:27 PM](#)

REPRESENTATIVE KAUFMAN considered a scenario in which money raised during the primary contained "rollover" from a previous campaign. He asked Mr. Rudich whether that money would be considered "fair game" for spending in the primary.

MR. RUDICH indicated that leftover money from the primary could be spent in the general.

[4:31:40 PM](#)

ROBERT WELTON opined that the unrestricted flow of money into Alaska politics threatened the moral foundation of society. He emphasized that Alaska citizens had voted to limit the role of money from big corporations; however, the Supreme Court, through Citizens United, and the 9th Circuit Court of Appeals threw out the limits that the state had voted to adopt. He believed that limits needed to be reinstituted to honor the people's wishes, adding that he preferred the lower limits in HB 234.

CHAIR KREISS-TOMKINS closed public testimony on HB 234 and HB 245. He resumed discussion on HB 245, as amended.

[4:34:35 PM](#)

The committee took a brief at-ease.

[4:35:08 PM](#)

REPRESENTATIVE STORY indicated that she preferred the graduated limits and lower amount. She said she would support both HB 245 and HB 234 for the purpose of a broader discussion.

REPRESENTATIVE EASTMAN commended the sponsor for upholding the court's guidance on contribution limits; however, he believed that if the people of Alaska were to vote today, they would not vote for a \$500 limit. He argued that although corruption was a real problem, instituting contribution limits was an ineffective solution.

REPRESENTATIVE TARR expressed her concern that instead of corruption in the form of political influence, corruption in the form of public perception and people's access to their elected officials was being overlooked. As a result, she opined that policy may not be reflective of middle- or working-class people. She said she preferred the lower limits and the bill before it had been amended. She reiterated her concern that corruption had been too narrowly defined.

REPRESENTATIVE VANCE said she preferred not to limit free speech. She believed that graduated limits were too restrictive and less functional for the general public.

[4:44:12 PM](#)

REPRESENTATIVE CLAMAN moved to report HB 245, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 245 was moved from the House State Affairs Standing Committee.

^#hb234

HB 234-POLITICAL CONTRIBUTION LIMITS

[4:44:37 PM](#)

CHAIR KREISS-TOMKINS announced that the final order of business would be HOUSE BILL NO. 234, "An Act relating to political contributions; and providing for an effective date." [Before the committee was proposed CS, Version I, adopted as the working draft on 2/1/22.]

[4:45:04 PM](#)

The committee took a brief at-ease.

[4:45:43 PM](#)

CHAIR KREISS-TOMKINS indicated that the committee would consider amendments on HB 234.

[4:45:59 PM](#)

REPRESENTATIVE CLAMAN moved to adopt Amendment 1, labeled 32-LS1197\I.8, Bullard, 2/14/22, which read:

Page 1, line 6:

Delete "**\$1,000** [\$500] per year"

Insert "**\$2,500 each campaign period** [\$500 PER YEAR] "

Page 1, line 7, following the second occurrence of "candidate,":

Insert "**or**"

Page 1, lines 8 - 9:

Delete ", or to a group that is not a political party"

Insert "[, OR TO A GROUP THAT IS NOT A POLITICAL PARTY] "

Page 1, line 10, following "party":

Insert "or other group"

Page 1, lines 13 - 14:

Delete "\$2,000 [\$1,000] per year

(1) "

Insert "(1) \$2,500 each campaign period [\$1,000
PER YEAR

(1)] "

Page 2, line 1, following "(2)":

Insert "\$5,000 each year"

Page 2, line 4:

Delete "\$2,000 [\$1,000] a year"

Insert "(1) \$2,500 each campaign period [\$1,000
A YEAR] "

Page 2, line 5, following the second occurrence of
"candidate,":

Insert "or"

Page 2, line 6, following "candidate":

Delete ", to a group, "

Insert ";

(2) \$5,000 each year [,] to a group [,]"

Page 2, lines 11 - 12:

Delete "\$2,000 [\$1,000] per year"

Insert "\$2,500 each campaign period [\$1,000 PER
YEAR] "

Page 2, line 13:

Delete "\$4,000 [\$2,000] per year"

Insert "\$2,500 each campaign period [\$2,000 PER
YEAR] "

Page 2, line 18:

Delete "2032"

Insert "2031"

Page 2, following line 22:

Insert new bill sections to read:

"* **Sec. 6.** AS 15.13.110(i) is amended to read:

(i) During a campaign period, the commission may
not change the manner or format in which reports
required of a candidate under this chapter must be

filed. [IN THIS SUBSECTION, "CAMPAIGN PERIOD" MEANS THE PERIOD BEGINNING ON THE DATE THAT A CANDIDATE BECOMES ELIGIBLE TO RECEIVE CAMPAIGN CONTRIBUTIONS UNDER THIS CHAPTER AND ENDING ON THE DATE THAT A FINAL REPORT FOR THAT SAME CAMPAIGN MUST BE FILED.]

* **Sec. 7.** AS 15.13.400 is amended by adding a new paragraph to read:

(20) "campaign period" means the period beginning on the date that a candidate becomes eligible to receive campaign contributions under this chapter and ending on the date that a final report for that same campaign must be filed."

Renumber the following bill section accordingly.

CHAIR KREISS-TOMKINS objected for the purpose of discussion.

[4:46:07 PM](#)

REPRESENTATIVE CLAMAN provided an overview of Amendment 1. He said the broad impact of the proposed amendment was that it would institute campaign period limits, as opposed to annual limits. He explained that Amendment 1 was particularly focused on the court's concern about a challenger's ability to run a meaningful campaign against an incumbent. He opined that the annual limits provided an unfair advantage to incumbents, as they often started fundraising long before a challenger had filed. Additionally, he reported that Amendment 1 would raise the limits from \$1,000 per year to \$2,500 for each campaign period. He continued to explain that the proposed amendment would treat groups and political parties the same in terms of a \$5,000 contribution limit annually to recognize that many groups were organized on an annual level. Amendment 1 would also define "campaign period" and change the inflation adjustment date from 2032 to 2031 to align with fundraising periods.

[4:53:01 PM](#)

REPRESENTATIVE EASTMAN asked whether the bill sponsor was supportive of Amendment 1.

[4:53:10 PM](#)

REPRESENTATIVE CALVIN SCHRAGE, Alaska State Legislature, prime sponsor, said he was largely supportive of the proposed amendment, expressing his specific support for changing to a per-campaign limit, as opposed to an annual limit. He noted

that he would prefer a lower limit than \$2,500, as citizens had advocated for lower limits; however, he indicated that he would support the change. He argued that increasing the capacity for individual donors to give to a candidate would make him/her much more accountable to those dollars and donors.

[4:55:37 PM](#)

REPRESENTATIVE EASTMAN asked whether the amendment sponsor would be opposed to making the group limits reflective of the campaign period instead of an annual cycle.

REPRESENTATIVE CLAMAN recalled that his office had a tremendous debate over this topic. Ultimately, he argued that treating organized groups like a political party seemed to be a simpler approach from a regulation standpoint while creating less of a burden on APOC.

[4:58:38 PM](#)

CHAIR KREISS-TOMKINS announced that HB 234 was held over.
#

[4:59:05 PM](#)

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 4:59 p.m.